



Billing Code: 9111-52

DEPARTMENT OF HOMELAND SECURITY

Federal Emergency Management Agency

[Docket ID FEMA-2016-0019]

National Flood Insurance Program (NFIP); Assistance to Private Sector

Property Insurers, Availability of FY 2017 Arrangement

AGENCY: Federal Emergency Management Agency, DHS.

ACTION: Notice.

SUMMARY: Each year, the Federal Emergency Management Agency (FEMA) is required by the Write-Your-Own (WYO) Program Financial Assistance/Subsidy Arrangement (Arrangement) to notify private insurance companies (Companies) and to make available to the Companies the terms for subscription or re-subscription to the Arrangement. In keeping with that requirement, this notice provides the terms to the Companies to subscribe or re-subscribe to the Arrangement.

FOR FURTHER INFORMATION CONTACT: Lloyd A. Hake, Product Delivery Division Director, Federal Insurance and Mitigation Administration, FEMA, 400 C. St. SW., Suite 313, Washington, D.C. 20472; 202-646-3428 (phone), 202-646-7970 (facsimile), or Lloyd.hake@fema.dhs.gov (email).

SUPPLEMENTARY INFORMATION: Under the Write-Your-Own (WYO) Program Financial Assistance/Subsidy Arrangement (Arrangement), 74 (as of July 27, 2016) private sector property insurers sell flood insurance policies and adjust flood insurance claims under their own names based on an Arrangement with the Federal Insurance and Mitigation Administration (FIMA) published at 44 CFR Part 62, Appendix A.

The WYO insurers retain an expense allowance and remit the remaining premium to the Federal Government. The WYO insurers pay flood losses and pay loss adjustment expenses based on a fee schedule through the regulated access of federal funds. In addition, under certain circumstances, reimbursement for litigation costs, including court costs, attorney fees, judgments, and settlements, are paid by FEMA based on documentation submitted by the WYO insurers.

The complete Arrangement is published in 44 CFR Part 62, Appendix A. Each year, FEMA is required to publish in the Federal Register and make available to the Companies the terms for subscription or re-subscription to the Arrangement. 44 CFR Part 62, Appendix A, Article V.B.

Signatory Companies should remain aware that all requirements of the Arrangement, including, but not limited to, financial accounting in issues involving all transactions, must be met. As set forth in Article II.A.1. of Appendix A to Part 62—Federal Emergency Management Agency, Federal Insurance Administration, Financial Assistance/Subsidy Arrangement, the Company is responsible for meeting all fiduciary responsibilities for control and disbursement of funds in connection with policy administration. This includes ensuring that all accounting for policy administration is correct. If errors are made in policy administration, the Company shall be responsible for reimbursing any incorrect allocations, assessments, or other moneys compensated to that company by the Federal Government.

The Company is responsible for ensuring that all activities meet the requirements of this Arrangement and of the NFIP Financial Control Plan, 44 CFR Part 62, Appendix

B. The NFIP WYO Standards Committee may take remedial action in the event any such conduct is not corrected.

FEMA encourages all private insurance companies wishing to participate in the WYO Program for FY 2017 to contact the NFIP at Kevin.Brown4@fema.dhs.gov by September 4, 2016. Prior participation in the WYO Program does not guarantee that FEMA will approve continued participation. FEMA will evaluate requests to participate in light of publicly-available information, industry performance data, and other criteria listed in 44 CFR 62.24 and the Arrangement, 44 CFR Part 62, Appendix A. Private insurance companies are encouraged to supplement this information with customer satisfaction surveys, industry awards or recognition, or other objective performance data. In addition, private insurance companies should work with their vendors and subcontractor involved in servicing and delivering their insurance lines to ensure FEMA receives the information necessary to effectively evaluate the criteria set forth in its regulations.

FEMA will send a copy of the offer for the FY 2017 Arrangement, together with related materials and submission instructions, to all private insurance companies successfully evaluated by the NFIP. If FEMA, after conducting its evaluation, chooses not to renew a Company's participation, FEMA, at its option, may require the continued performance of all or selected elements of the FY 2016 Arrangement for a period required for orderly transfer or cessation of the business and settlement of accounts, not to exceed 18 months, 44 CFR Part 62, Appendix A, Article V.C. All evaluations, whether successful or unsuccessful, will inform both an overall assessment of the WYO

Program and any potential changes FEMA may consider regarding the Arrangement in future fiscal years.

Any private insurance company with questions may contact FEMA in writing: DHS/FEMA, Federal Insurance and Mitigation Administration, Attn: Lloyd A. Hake, Product Delivery Division Director, Federal Insurance and Mitigation Administration, FEMA, 400 C. St. SW., Suite 313, Washington, D.C. 20472; 202-646-3428 (phone), 202-646-7970 (facsimile), or Lloyd.hake@fema.dhs.gov (email).

Authority: 44 CFR Part 62, Appendix A, Article V.B.

Dated: July 29, 2016

Roy E. Wright,
Deputy Associate Administrator
for Insurance and Mitigation,
Federal Emergency Management Agency.
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